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22 Oct. 53

MEMORANDUM FOR: General Counsel
THROUGH: Acting Deputy Director (Administration)
FROM: Comptroller
SUBJECT: Shortage in [] Station Funds

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REFERENCES: (1) Memo for Comptroller from DD/A, dated 8 September 1953,
same subject
(2) Memo for AED/A from G/C, dated 21 July 1953,
same subject

1. In light of the review of reported facts surrounding subject shortages, references indicate that the individual charged with responsibility for the funds in this case is personally liable for the amount of the loss. Such determination, is based on the conclusion that the causes for the loss do not result from peculiarities of this Agency's mission.

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2. A dispatch [] copy attached) has been directed to the station instructing that the loss be recovered from the responsible individual.

3. While we are inclined to agree with the conclusions reached in this matter insofar as the determination of personal liability is concerned, we feel that such determination requires consideration of the establishment of an Agency policy relating to the relief of accountable individuals in circumstances where losses occur when an employee is acting in the discharge of his official duties and the loss occurs without fault or negligence on the part of the employee.

4. In the case of normal Government activities, which were cited as the primary basis for the decision to hold the employee in this case personally liable, the employee has recourse to certain actions which may bring him relief. For example, throughout the legislative history of this country, thousands of bills have been introduced and passed by the Congress which served to relieve accountable officers of differences discovered in their accounts. Such bills, under appropriate circumstances, are frequently prepared and introduced by the Agency or governmental unit by which the accountable officer is employed.

5. In more recent years, Congress has recognized the necessity for continuing authority and procedure whereby accountable officers may be relieved, under appropriate circumstances, from liability for shortages and discrepancies in their accounts without recourse to special legislation. Accordingly, legislation has been passed providing

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for relief of accountable, certifying and disbursing officers under certain conditions. An example of such legislation appears in Title 31 of the U. S. Code, paragraph 82a-1-, titled, Relief of Accountable Officers of Liability for Loss.

6. It is obvious that security considerations preclude recourse to these methods of obtaining relief for accountable officers of this Agency. Therefore, at the moment and based on the referenced determinations, it appears that accountable officers of this Agency may be held personally liable for losses because the loss occurs in a "situation distinctive of no Government agency" whereas because of security aspects peculiar to this Agency, they will most likely be denied the opportunity to obtain relief by means generally available to employees of other agencies.

7. Your review of this problem and advice as to the methods by which this Agency may afford its employees an opportunity for relief from personal liability in cases such as the subject will be appreciated.

E. R. SAUNDERS

Attachment

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